GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:99
ANSWERED ON:28.07.2006
RECOVERY OF LOAN
Gaikwad Shri Eknath Mahadeo;Singh Shri Kirti Vardhan

Will the Minister of FINANCE be pleased to state:

(a) whether cases of customer harassment by commercial banks in matters of loan recovery have been received from various parts of the country;

(b) if so, the number of such cases and the action taken in the matter during each of the last three years and the current year;

(c) whether Government has formulated any code of conduct to tackle this problem; and

(d) if so, the details thereof ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (d) :- A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO. 99 FOR 28th JULY, 2006 REGARDING RECOVERY OF LOAN, TABLED BY SHRI KIRTI VARDHAN SINGH AND SHRI EKNATH M. GAIKWAD, M.Ps.

(a) & (b) :- RBI has received about 700 complaints of customer harassment for loan recovery against scheduled commercial banks during the last three years. These complaints were taken up suitably by RBI with the banks concerned for explanation and redressal. Further, 22,273 complaints, including those related to loan recovery, have been redressed by Banking Ombudsmen in the calendar years 2004 & 2005.

(c) & (d):- Reserve Bank of India has formulated the `Fair Practices Code for Lenders`, the guidelines in respect of which were communicated to banks for implementation in May 2003. The guidelines, inter-alia, stipulate that in the matter of recovery of loans the lenders should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.

The Indian Banks Association (IBA) has also formulated a `Model Code for collection of dues and repossession of security` which has been recommended to banks for adoption and implementation.